

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-2104

June 24, 2014

The Honorable Cheryl LaFleur  
Acting Chairman  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Dear Acting Chairman LaFleur,

I am writing in regards to the Federal Energy Regulatory Commission's (FERC) forthcoming decision concerning ISO New England's (ISO-NE) recently conducted Forward Capacity Market Auction 8 (FCA8) for years 2017-2018. In early February, FCA8 ended with a shortfall in generation capacity which resulted in significantly higher clearing prices with a total cost over \$3 billion for 2017-2018, nearly double the previous high of \$1.77 billion in 2009.<sup>1</sup> In contrast, all seven previous auctions ended in a capacity surplus.

I am particularly concerned about the series of events leading up to FCA8 that may have directly caused the capacity shortfall and unjustly increased energy costs for my constituents. Energy Capital Partners, the owner of the Brayton Point generation facility which is located in Somerset, MA, formally announced plans to retire the plant in January 2014, a week before FCA8 was held.<sup>2</sup> This was done after several months of back and forth actions between Energy Capital Partners and ISO-NE, which included a Non-Price Retirement request and subsequent denial by ISO-NE citing a reliability need for Brayton Point's resources.<sup>3</sup> While several other generation stations announced planned retirements in 2017 prior to this year's auction, Brayton Point is by far the largest supplying over 1,500 megawatts to the New England power grid.

The auction shortfall triggered administrative pricing rules that would increase the cost of energy for my constituents. While these rules are designed to protect consumers and provide incentives to increase the capacity of current and potential electric generation units, in the case of FCA8 the resulting clearing prices were alarmingly higher than in years past. By some estimates, Energy Capital Partners, which also owns several other generation units within ISO-NE, could gross an additional \$77 million in operating year 2017-2018 as a result of the increased prices, despite closing Brayton Point.

<sup>1</sup> [http://iso-ne.org/nwsiss/pr/2014/fca8\\_initial\\_results\\_02052014.pdf](http://iso-ne.org/nwsiss/pr/2014/fca8_initial_results_02052014.pdf)

<sup>2</sup> [http://www.iso-ne.com/genrtion\\_resrcs/reports/non\\_prc\\_retremnt\\_ltrts/2013/brayton\\_letter\\_to\\_iso\\_ne\\_1\\_27\\_14.pdf](http://www.iso-ne.com/genrtion_resrcs/reports/non_prc_retremnt_ltrts/2013/brayton_letter_to_iso_ne_1_27_14.pdf)

<sup>3</sup> [http://www.iso-ne.com/genrtion\\_resrcs/reports/non\\_prc\\_retremnt\\_ltrts/2013/npr\\_determination\\_braytonpt1\\_4.pdf](http://www.iso-ne.com/genrtion_resrcs/reports/non_prc_retremnt_ltrts/2013/npr_determination_braytonpt1_4.pdf)

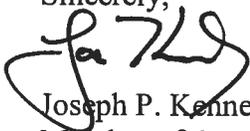
Massachusetts and New England already face energy prices above the national average. According to the Energy Information Administration, in April 2014, New England paid 15.24 cents/kW-hour across all sectors,<sup>4</sup> the highest of any region in the continental U.S.

The owners of Brayton Point cited increased costs associated with coal-fired generation in compliance with environmental regulations as the justification for its closure. However, it is unclear whether those costs make the facility's operation economically infeasible. Dominion Energy, Brayton Point's previous owner, invested over \$1 billion in environmental retrofits between 2009 and 2013. Additionally, in a recent analysis, Synapse Energy Economics concluded that the cost of operating Brayton Point economically is substantially below the FCA8 starting price of \$15.82/kW-month.<sup>5</sup>

Given the auction's capacity shortfall, the lack of clarity regarding the economic feasibility of operating Brayton Point, and the substantial financial advantage Energy Capital Partners stands to gain by retiring Brayton Point in 2017, I respectfully request your careful consideration of the impact that FCA8 certification will have on New England.

Thank you for your consideration of my request. Please let me know if I can provide any further information or be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'JP Kennedy', written over a circular stamp or mark.

Joseph P. Kennedy, III  
Member of Congress

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<sup>4</sup> [http://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.cfm?t=epmt\\_5\\_6\\_a](http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_5_6_a)

<sup>5</sup> <http://www.synapse-energy.com/Downloads/SynapseReport.2014-04.0.Brayton-Analysis.14-049.pdf>